

EXPLANATORY MEMORANDUM

1. This Explanatory Memorandum explains the Direction dated 8 March 2006, issued by the Info-communications Development Authority of Singapore ("**IDA**") to Singapore Telecommunications Ltd ("**SingTel**"), directing SingTel to review and incorporate modifications to the Main Body, proposed Schedule 4C and Schedule 9 of its Reference Interconnection Offer ("**RIO**").

Background

2. On 16 December 2003, IDA issued its decision to designate SingTel's local leased circuits ("**LLCs**") as a mandated wholesale service ("**MWS**"). At paragraph 19 of its decision, IDA stated its position that the designation shall only be valid for a period of 2 years ("**Availability Period**"), after which it would be lifted and SingTel's tail LLCs ("**TLLCs**") would be designated as an Interconnection Related Service ("**IRS**"). IDA's decision was subsequently varied by the Minister on 2 July 2004 to shorten the Availability Period for LLCs that terminate at premises within the Central Business District ("**CBD**") proxy region to 18 months.
3. To implement the above decisions, IDA issued a series of directions requiring SingTel to incorporate LLCs as an MWS into its RIO. Specifically, IDA issued a direction on 23 August 2004 requiring SingTel to propose, amongst others, "clear and detailed processes and procedures to enable "service migration"" under the following circumstances:
 - a. de-activation of a mandated wholesale full circuit and activation of corresponding tail circuit(s), where the tail circuit(s) are obtained under the RIO as an MWS within the Availability Period;
 - b. de-activation of a mandated wholesale full circuit and activation of corresponding tail circuit(s), where the tail circuit(s) are obtained under the RIO as an Interconnection Related Service ("**IRS**") upon expiry of the Availability Period; and
 - c. transition of tail circuit(s) obtained under the RIO as an MWS to that of an IRS, upon the expiry of the Availability Period.
4. On 10 September 2004, SingTel submitted to IDA for approval its proposed RIO modifications ("**10 September 2004 Submission**"). In relation to service migration of LLCs from MWS to IRS (i.e. the circumstances described in paragraphs 3.b and 3.c above), SingTel stated that it was "prepared to address this issue fully" when the time arose and undertook to provide processes for service migration after the expiry of the Availability Period (please see paragraph 4.4 of the cover letter to, and Appendices 2 and 3 of, SingTel's 10 September 2004 Submission). With reference to paragraph 16 of the Explanatory Memorandum to IDA's 4 October 2004 Direction issued to SingTel, IDA accepted SingTel's undertaking.

5. On 28 October 2005, IDA issued a notice in the *Government Gazette* to amend the applicable requirements specified in the Schedule to the Code of Practice for Competition in the Provision of Telecommunication Services (RIO Requirements) Notification 2005 (G.N. No. 414/2005) to include SingTel's TLLC as an IRS that must be offered under its RIO¹ ("**IRS Amendments**").
6. On 14 November 2005, IDA directed SingTel to submit, for IDA's approval, its proposed modifications to its RIO to offer TLLCs as an IRS ("**14 November 2005 Direction**"). Pursuant to IDA's 14 November 2005 Direction, SingTel submitted its proposed modifications to the Main Body, Schedules 8B, 9 and 12, and a proposed new Schedule 4C for IDA's approval ("**Proposed RIO Modifications**").
7. To ensure that the Proposed RIO Modifications are aligned with the 14 November 2005 Direction and that they are relevant to the industry's needs, IDA conducted a public consultation from 14 to 29 December 2005 to elicit public comments in connection with IDA's review of SingTel's Proposed RIO Modifications. At the close of the public consultation, IDA received comments from 3 respondents (namely, the Asia Pacific Carriers' Coalition, MCI and StarHub Limited).

Scope of this RIO Review

8. In reviewing SingTel's Proposed RIO Modifications and the comments received, IDA adopted the following approach and principles:
 - a. IDA conducted a general review of SingTel's Proposed RIO Modifications to ensure that the terms and conditions would be fair and reasonable, in compliance with IDA's 14 November 2005 Direction, promote the principles of the Telecom Competition Code 2005, and generally enhance an efficient and effective implementation of the RIO Agreement. In striking a balance, IDA also recognised that SingTel should only be subject to obligations that are feasible and practicable, and that SingTel should not be imposed with any unnecessary or onerous burdens.
 - b. Where respondents submitted comments on specific terms and conditions, IDA carefully considered whether these comments were reasonable, tended to promote an efficient and effective implementation of the RIO and were consistent with the policy goals of the Telecom Competition Code 2005. Where IDA determined that the comments met these requirements, IDA then reviewed the corresponding terms and conditions to determine if any modification is required.

¹ The designation of SingTel's TLLC as an IRS will take effect from 15 April 2006 for TLLC terminating at premises within the CBD proxy region and in all other cases (i.e., Non-CBD proxy region), with effect from 15 October 2006.

9. This Explanatory Memorandum clarifies IDA's position with respect to certain broad issues raised by the industry or that are otherwise crucial in IDA's view. In relation to the modifications that IDA is directing SingTel to incorporate into the Proposed RIO Modifications, these are set out in the annexures to the Direction. IDA's specific requirements applicable to each Schedule are set out as annotations in the relevant Schedule.
10. Unless the context requires otherwise, all capitalised terms used in this Explanatory Memorandum shall have the same meanings as in SingTel's RIO.

General Issues

Applicability to Both CBD and Non-CBD TLLCs

11. SingTel's proposed Schedule 4C applies only to TLLCs terminating at premises in the CBD proxy region ("**CBD TLLCs**") and specifically excludes TLLCs terminating at premises in the Non-CBD proxy region ("**Non-CBD TLLCs**"). While IDA recognises that the TLLC Non-Central Term only expires 6 months after the TLLC Central Term, IDA sees no reason for excluding Non-CBD TLLCs from the current review – as a service, there is no difference between IRS Tail Circuit Service for CBD TLLCs and Non-CBD TLLCs, save for the location of the End User site. Therefore, IDA expects that the terms and conditions applicable to CBD TLLCs will be the same as those applicable to Non-CBD TLLCs. For this reason, SingTel's proposed Schedule 4C should also include Non-CBD TLLCs. However, to cater to the later expiry of the TLLC Non-Central Term, SingTel may provide that the applicability of Schedule 4C to Non-CBD TLLCs will be deferred until the expiry of the TLLC Non-Central Term.

Obligation to Comply with IDA's 19 October 2005 Direction and Decision on Reconsideration

12. After a careful review of SingTel's proposed Schedule 4C, IDA notes that SingTel has only offered to provide the G.703 interface standard in cases where a Requesting Licensee submits a request for "point-to-multipoint" ("**PTMP**") circuits. Further, for "point-to-point" ("**PTP**") circuits of speeds between 64 kbps to 1024 kbps, Requesting Licensees will only be able to operate with the V.35 interface standard.
13. In relation to TLLCs of bandwidths from 64 kbps to 1984 kbps, IDA's direction – "Provision of Tail Local Leased Circuits at G.703 Interface Standards" – dated 19 October 2005 ("**19 October 2005 Direction**") requires SingTel to offer to provide both V.35 and G.703 as the default interface standards, and permit a Requesting Licensee to choose either V.35 or G.703 as the interface standard at which SingTel is to hand over the TLLCs.
14. Notwithstanding that SingTel has appealed to the Minister of Information, Communications and the Arts ("**Minister**") to set aside IDA's 19 October

- 2005 Direction, SingTel remains obliged to comply with IDA's 19 October 2005 Direction pending the outcome of the Minister's decision on appeal².
15. Additionally, IDA's Decision on Reconsideration dated 24 February 2006 ("**Decision on Reconsideration**"), requires SingTel to delete all its proposed amendments to Schedule 7B of the RIO to distinguish between PTP and PTMP TLLC services.
 16. Although the 19 October 2005 Direction and IDA's Decision on Reconsideration relate to Schedule 7B of the RIO, IDA similarly requires SingTel to propose modifications to Schedule 4C to give Requesting Licensees the option of requesting for the G.703 interface standard for both "groomed" and "ungroomed" circuits, and to delete all references to "PTP" and "PTMP", including the distinguishing of PTMP circuits into two separate elements of an "A-end Link" and a "B-end Link". This is because IDA considers these issues and IDA's corresponding policy requirements to be equally applicable to the provision of TLLCs whether as an MWS under Schedule 7B or as an IRS under Schedule 4C.

Obligation to Comply with IDA's 8 August 2005 Decision on Reconsideration as Varied by the Ministerial Decision

17. On 8 August 2005, IDA issued its decision on SingTel's Reconsideration Request of 17 June 2005 ("**8 August 2005 Decision on Reconsideration**"), directing SingTel to make certain amendments to its RIO. SingTel subsequently appealed to the Minister on 22 August 2005 against IDA's 8 August 2005 Decision on Reconsideration ("**SingTel's 22 August 2005 Appeal**").
18. On 9 February 2006, the Minister issued his decision on SingTel's 22 August 2005 Appeal ("**Ministerial Decision**"), which affirmed IDA's 8 August 2005 Decision on Reconsideration, subject to the variations as set out therein.
19. The Ministerial Decision determined, amongst other matters, that SingTel must allow a Requesting Licensee to obtain the specified Unbundled Network Elements and MWS from SingTel as inputs for the Requesting Licensee's provision of telecommunication services to itself and its affiliates, provided that the Requesting Licensee offers or intends to offer similar telecommunication services to any non-affiliated third party customer in relation to such use. Notwithstanding that the Ministerial Decision was specifically directed at Schedules 3A, 3B, 3C and 5A of the RIO, IDA considers the underlying policy rationale of the Ministerial Decision to be equally applicable to SingTel's proposed Schedule 4C.
20. Accordingly, for the purposes of giving effect to IDA's 8 August 2005 Decision on Reconsideration, as varied by the Ministerial Decision, IDA would require SingTel to propose amendments to Schedule 4C to allow a

² SingTel's request for a stay of the 19 October 2005 Direction was rejected by IDA on 31 October 2005.

Requesting Licensee to obtain TLLCs from SingTel as an input for the provision of telecommunication services to itself and its affiliates, provided that the Requesting Licensee offers or intends to offer similar telecommunication services to any non-affiliated third party customer in relation to such use. For example, a Requesting Licensee must be able to obtain TLLC from SingTel under Schedule 4C as an input to provide frame relay ATM services to itself and its affiliates, provided the Requesting Licensee also offers or intends to offer frame relay ATM services to any non-affiliated third party customer.

Obligation to Provide Express Provisioning

21. IDA is of the view that express provisioning is necessary for Requesting Licensees to better address urgent and unexpected requests for IRS Tail Circuit Service and provide a competitive service to End Users. In this respect, express provisioning is already available to Requesting Licensees under the existing mandated wholesale schemes (please see Schedule 7A and 7B).
22. Consistent with SingTel's obligation under Schedule 7B to offer express provisioning for TLLCs, IDA notes that SingTel has included the option of express provisioning in the TLLC request form (see proposed Annex 4C - 3 to Schedule 4C) as well as the applicable charges for express provisioning in Schedule 9. However, IDA notes that SingTel omitted to provide in Schedule 4C itself the applicable terms for express provisioning.
23. Accordingly, IDA requires SingTel to provide in Schedule 4C the applicable terms for express provisioning. At a minimum, such terms must provide that upon receipt of a request for express provisioning, SingTel will promptly and in good faith discuss with the Requesting Licensee its requirements. Further, if SingTel accepts the Requesting Licensee's request for express provisioning, SingTel is required to activate the service within 3 Business Days from the date of its acceptance.

"Synchronisation" of Request Forms for Schedules 4C and 7B

24. Upon the expiry of the TLLC Central Term on 15 April 2006, Requesting Licensees will need to submit requests using separate forms under Schedule 4C for CBD TLLCs (Tail Circuit Activation Request, or "**TCAR**") and under Schedule 7B for Non-CBD TLLCs (TLLC Activation Request, or "**TLAR**").
25. Comments were received that Requesting Licensees should be allowed to submit their requests under both Schedules 4C and 7B using a single request form as it was contended that SingTel can easily identify whether TLLCs are terminated within the CBD proxy region, and that doing so would streamline the application process. Conversely, the use of separate request forms may give rise to confusion.

26. IDA's assessment is that the use of synchronised request forms may place unnecessary burden on SingTel since that would mean that SingTel would have to ascertain the location of the TLLCs for every request submitted by Requesting Licensees. On the other hand, the application process is likely to be more efficient if each Requesting Licensee identifies the location of the TLLCs requested before making the corresponding request to SingTel by using the relevant forms. Accordingly, IDA will not require SingTel to provide Requesting Licensees with synchronised request forms for Schedules 4C and 7B.